

**MINUTES
SPECIAL MEETING
UTILITY SERVICE BOARD
FEBRUARY 26, 2010**

A Special Meeting of the Utility Service Board of the City of Jasper, Indiana, was held in the Council Chambers of City Hall in Jasper at 9:00 AM on Friday, February 26, 2010.

The meeting was called to order by Chairman Wayne Schuetter.

UPON CALL OF THE ROLL, THE FOLLOWING WERE PRESENT:

Wayne Schuetter – Chairman
Rick Stradtner – Vice Chairman
Mike Harder – Secretary
Doug Schulte – Water Commissioner
Alex Emmons – Wastewater Commissioner
Greg A. Krodel – Gas Commissioner
Ken Sendelweck – Electric Commissioner

ALSO PRESENT:

Windell Toby – Electric Generation Manager
Michael A. Oeding – Gas & Water Manager
Ed Hollinden – Wastewater Manager
Bud Hauersperger – General Manager
Sandy Hemmerlein – City Attorney

ABSENT:

Jerry Schitter – Electric Distribution Manager

PLEDGE OF ALLEGIANCE (B-19)

Chairman Wayne Schuetter led the Pledge of Allegiance.

BEAVER CREEK LAKE DAM PROJECT (B-27)

Chairman Wayne Schuetter stated that this has been an ongoing project for a couple of years. On Monday, Schuetter, the Mayor, Chad Hurm (City Engineer), Bud Hauersperger, and Mike Oeding reviewed qualifications from three firms who are interested in working on the project. Two firms were selected and interviewed on Wednesday. The group chose Christopher B. Burke Engineering to do the engineering. A contract was negotiated with Christopher Burke on Thursday and is being brought to the Board for approval.

Bud Hauersperger stated this project is on the fast track due to grant purposes. The EDA (Economic Development Administration) grant requires a qualification based selection of an engineering firm in order to get reimbursed with a 75/25% split. The deadline to award this

grant money is October so they want to see the preliminary engineering work before they will award the grant money. The surveying is currently in process. The grant could possibly give the City as much as \$1.2 million to complete the project.

Hauersperger said it was also recently discovered that there is an opportunity through OCRA (The Office of Community and Rural Affairs) to apply for a grant as well. They started receiving grant applications in January. There is \$25 million available on a first come, first serve basis. Lisa Gehlhausen from Indiana 15 Regional Planning Commission feels the City has a great chance for this grant. OCRA will not approve any grant money until the engineering is complete on the project.

Hauersperger said the City can apply for the grant, but could only accept one grant, either the EDA or the OCRA grant, but felt that we should apply for both, to see which one would award the money first.

Hauersperger stated that with the OCRA grant application the City had to state how much they were willing to pay or what split or match the City was requesting. It was decided to apply for an 80/20% split.

The engineering is split up into two contracts. For the OCRA grant, the city cannot sign a final engineering contract until the City is approved for the grant. The first contract is for preliminary engineering and environmental review. The grant estimates do not match up exactly with the contract amounts. The grant estimates were based on the option that the City guessed it would proceed with to rehabilitate the dam per Chairman Schuetter. Since then Christopher Burke came up with a new option that could possibly be used. The cost difference also relates to the time constraints that Christopher Burke has to get the engineering done.

The first contract includes \$11,000 for the environmental review plus \$36,200 for a total of \$47,200. Per Sandy Hemmerlein this contract can be approved and signed today, in order to get Christopher Burke started on the project next week.

Doug Schulte made a motion to approve proceeding with the process for the OCRA grant for the rehabilitation project for the Beaver Lake Dam with the stipulation of 20% to be paid for by the City and the remaining 80% to be paid by the grant. Greg Krodell seconded the motion. Motion approved, 7-0.

Rick Stradtner made a motion to approve the contract with Christopher Burke Engineering for Phase 1 and 2 in the amount of \$47,200. Ken Sendelweck seconded the motion. Hauersperger clarified that of the \$47,200, \$36,200 will not be reimbursed by grant money, due to the way the grant is written. Only the \$11,000 for the environmental review will be reimbursed. Motion approved, 7-0.

Ken Sendelweck made a motion to approve the costs of:

- Phase 3 – Design Documents not to exceed \$131,500
- Phase 4 – Permitting not to exceed \$19,500
- Phase 5 – Bidding Assistance not to exceed \$12,600
- Phase 6 – Construction Services not to exceed \$89,000

that Hauersperger presented for the rest of the engineering required, subject to final contract review, and also giving the Chairman and the Secretary authority to enter into those contracts at

the appropriate time to meet the requirements of any grant the City may be applying for and/or receives. Alex Emmons seconded the motion. Motion approved, 7-0.

IMPA AMENDMENT (B-353)

Hauersperger stated that currently the City pays IMPA \$10,816 per month to do the scheduling on a day-to-day basis and to tell us when to run the Power Plant. Hauersperger said this is a waste of money and contacted IMPA to see if they would reduce or eliminate this fee. IMPA came back with a proposal to reduce the monthly fee down to \$1,816.

This charge is part of the original Capacity and Energy Purchase and Dispatch Agreement approved by the Common Council. This agreement was amended once when the City started receiving the capacity payments. This second amendment would be to lower the monthly scheduling fee and would also need to be approved by the Common Council. Hauersperger said this discount will be retroactive back to January 1, 2010.

IMPA will also need 30 days notice to begin the City's scheduling should we want to start running again. The City cannot run unless IMPA is doing the scheduling, unless an emergency call is received from MISO to run.

Greg Krodel made a motion to recommend to the Common Council to approve the Second Amendment and to also give Bud Hauersperger and Windell Toby authority to decide when the City needs IMPA's services for the Power Plant dispatch. Mike Harder seconded the motion. Motion approved, 7-0.

Ken Sendelweck thanked everyone involved for being proactive and trying to minimize costs at the Power Plant.

CHANGE IN GAS SUPPLIERS (B-461)

Mike Oeding said that every year Utility Gas Management (UGM) looks at the City's gas suppliers on both the Texas Eastern and ANR Pipelines. This year UGM is recommending a change on the Texas Eastern Pipeline from Enbridge to Shell Oil. Enbridge's capacity into the pipe is not as great as Shell's. Shell also has better receipt points and a better price.

The only drawback with Shell Oil is that UGM will have to hedge in 2,500 decatherm increments. Changing to Shell will also cause the contracts on the ANR and Texas Eastern Pipeline to be out of sync. Oeding said he will be presenting a 3 year contract extension with UGM for both pipelines at the March Utility Service Board meeting for approval. The new contracts will put both pipeline expiration dates back into sync. Oeding would like to move on this right away as this is the time to hedge for Shell Oil because there is a good price now.

Alex Emmons made a motion to approve the new Exhibit B to the contract with UGM on the TETCO Pipeline, which will allow them to purchase gas from Shell for the period of September 1, 2010 to August 31, 2011. Rick Stradtner seconded the motion. Motion approved, 7-0.

UPDATE ON POWER PLANT PROJECT (B-524)

Hauersperger said he has sent out at least 25 Requests for Expressions of Interest and has received approximately 10 requests for disks of the Plant Condition Assessment Study that Black and Veatch completed. Hauersperger is receiving numerous emails concerning the REI. Biomass Magazine also wants to do an interview with Bud next week.

There being no further business to come before the Board, the meeting was adjourned at 9:38 AM upon motion by Alex Emmons and second by Mike Harder. Motion approved, 7-0.

The minutes were hereby approved _____ with _____ without corrections this _____ day of _____, 2010.

Attest: _____
Secretary Chairman